

**Senate Finance, Ways, and Means Committee Amendment No. 1**

**Amendment No. 7 to SB3351**

**Henry  
Signature of Sponsor**

**FILED**

Date \_\_\_\_\_

Time \_\_\_\_\_

Clerk \_\_\_\_\_

Comm. Amdt. \_\_\_\_\_

**AMEND Senate Bill 3351**

**House Bill 3364**

by deleting all sections following the enacting clause and by substituting instead the following:

**SECTION 1.** Tennessee Code Annotated, Section 67-4-2004(2)(B), is amended by deleting the words “corporation’s” and “corporation” wherever they appear and substituting instead the words “person’s” or “person”.

**SECTION 2.** Tennessee Code Annotated, Section 67-4-2004, is amended by deleting subdivision (9) in its entirety and substituting instead the following:

(9) “Gross Receipts”, “Total Gross Receipts”, “Receipts, and “Total Receipts” shall mean, within the context of the statute in which used, all receipts from whatever sources derived before any deductions, but not including actual sales returns and allowances.

**SECTION 3.** Tennessee Code Annotated, Section 67-4-2004, is amended by deleting subdivision (15) in its entirety and substituting instead the following:

(15) “Not-for-profit” means any person described in Sections 401, 408, 408A, 409, 501, 526, 527, 528, 529 or 530 of the Internal Revenue Code, as amended from time to time.

**SECTION 4.** Tennessee Code Annotated, Section 67-4-2004, is amended by deleting subdivision (16) in its entirety and substituting instead the following:

(16) “Person” or “taxpayer” means every corporation, subchapter S corporation, limited liability company, professional limited liability company, registered limited liability partnership, professional registered limited liability partnership, limited partnership, cooperative, joint-stock association, business trust, regulated investment company, real estate investment trust, state-chartered or national bank, or state- or federally-chartered

**Senate Finance, Ways, and Means Committee Amendment No. 1**

**Amendment No. 7 to SB3351**

**Henry  
Signature of Sponsor**

**FILED**

Date \_\_\_\_\_

Time \_\_\_\_\_

Clerk \_\_\_\_\_

Comm. Amdt. \_\_\_\_\_

**AMEND Senate Bill 3351**

**House Bill 3364**

savings and loan association. In addition, for the purposes of this part 20 only (excise tax), and not for the purposes of part 21 (franchise tax), “person” or “taxpayer” includes sole proprietorships and general partnerships, and also includes professional persons and professional service business where the context so dictates.

**SECTION 5.** Tennessee Code Annotated, Section 67-4-2004, is amended by adding the following new subdivisions:

( ) “General partnership” means a partnership in which all partners, as defined by state law, are fully liable for the debts of, or the claims against, the partnership. For purposes of this subsection, partners may be “fully liable” even though one or more persons or individuals dealing with the partnership have by contract agreed to limit their claims against one or more partners or against the partnership as a whole.

( ) “Professional person” means any of the following individuals who are licensed or registered under the applicable laws of this state or any state of United States, the District of Columbia, the Commonwealth of Puerto Rico or any territory or possession of the United States or the applicable laws of any foreign country:

- (A) An actuary
- (B) An accountant;
- (C) An architect;
- (D) An attorney
- (E) An engineer;
- (F) A landscape architect;
- (G) An audiologist;
- (H) A chiropractor;
- (I) A dentist;
- (J) An optometrist;
- (K) An osteopathic physician;
- (L) A pharmacist;
- (M) A physician;

**Senate Finance, Ways, and Means Committee Amendment No. 1**

**Amendment No. 7 to SB3351**

**Henry  
Signature of Sponsor**

**FILED**

Date \_\_\_\_\_

Time \_\_\_\_\_

Clerk \_\_\_\_\_

Comm. Amdt. \_\_\_\_\_

**AMEND Senate Bill 3351**

**House Bill 3364**

- (N) A podiatrist;
- (O) A psychologist;
- (P) A speech pathologist;
- (Q) A veterinarian;
- (R) A nurse;
- (S) Any other person engaged in the healing arts.

( ) "Professional service business" means any business, including any not-for-profit, that as a primary endeavor offers any one or more of the services for which a professional person may be registered or licensed to offer.

( ) "Relative or family member" means an individual's spouse, brothers and sisters (whether by the whole or half blood), ancestors, lineal descendants, and their spouses.

( ) "Pass-through entity" means an S corporation, an entity treated as a partnership for federal income tax purposes, an entity treated as a trust for federal income tax purposes of a business entity which has a single owner and which is disregarded as an entity separate from its owner for federal income tax purposes, but not for purposes of Parts 20 and 21 of this chapter.

( ) "Real estate investment trust" means any entity which has an election in effect under Section 856(c)(1) of the Internal Revenue Code.

**SECTION 6.** Tennessee Code Annotated, Section 67-4-2006(a)(1), is amended by inserting the words and punctuation "(including any limited liability company treated as a corporation for federal income tax purposes)" after the word "purposes", and is further amended by deleting the word and letters "(b) and (c)" and substituting instead "(b), (c) and (d)".

**Senate Finance, Ways, and Means Committee Amendment No. 1**

**Amendment No. 7 to SB3351**

**Henry  
Signature of Sponsor**

**FILED**

Date \_\_\_\_\_

Time \_\_\_\_\_

Clerk \_\_\_\_\_

Comm. Amdt. \_\_\_\_\_

**AMEND Senate Bill 3351**

**House Bill 3364**

**SECTION 7.** Tennessee Code Annotated, Section 67-4-2006(a)(2), is amended by deleting the word and letters “(b) and (c)” and substituting instead “(b), (c) and (d)”.

**SECTION 8.** Tennessee Code Annotated, Section 67-4-2006(a)(3), is amended by deleting the words and letters “(b), (c) and (d)” and substituting instead the words and letters “(b) and (c) of this section”.

**SECTION 9.** Tennessee Code Annotated, Section 67-4-2006(a)(4), is amended, after the words and punctuation “including, but not limited to,” by inserting the words and punctuation “general partnerships, limited partnerships and”.

**SECTION 10.** Tennessee Code Annotated, Section 67-4-2006, subdivision (a)(4)(A), after the words “Internal Revenue Code” the second time they appear, is amended by deleting the words and punctuation and substituting instead the following: “including, but not limited to, guaranteed payments to partners and capital gains, which additional items are not already included in ordinary income or loss; less”.

**SECTION 11.** Tennessee Code Annotated, Section 67-4-2006, subdivision (a)(4), is amended by deleting subdivision (B) in its entirety and substituting instead the following:

“(B) the amount subject to self-employment taxes, without regard to any cap, distributable or paid to each partner or member, but not in excess of one hundred thousand dollars (\$100,000) for any one partner or member, provided, however, this amount shall not create or increase any net loss; less”.

**SECTION 12.** Tennessee Code Annotated, Section 67-4-2006, subdivision (a)(4)(C), is amended by deleting the word and letters “(b) and (c)” and substituting instead the word, letters and punctuation “(b), (c) and (d).”

**Senate Finance, Ways, and Means Committee Amendment No. 1**

**Amendment No. 7 to SB3351**

**Henry  
Signature of Sponsor**

**FILED**

Date \_\_\_\_\_

Time \_\_\_\_\_

Clerk \_\_\_\_\_

Comm. Amdt. \_\_\_\_\_

**AMEND Senate Bill 3351**

**House Bill 3364**

**SECTION 13.** Tennessee Code Annotated, Section 67-4-2006, subdivision (a)(5), after the words “In the case of a”, is amended by inserting the words “sole proprietorship or a”.

**SECTION 14.** Tennessee Code Annotated, Section 67-4-2006, subdivision (a)(5), is amended by deleting subdivision (B) in its entirety and substituting instead the following:

“(B) The amount subject to self-employment taxes, without regard to any cap, but not exceeding one hundred thousand dollars (\$100,000), provided, however, this amount shall not create or increase any net loss;”.

**SECTION 15.** Tennessee Code Annotated, Section 67-4-2006, subdivision (a)(5)(C), is amended by deleting the word and letters “(b) and (c)” and substituting instead the word, letters and punctuation “(b), (c) and (d).”

**SECTION 16.** Tennessee Code Annotated, Section 67-4-2006(a)(6), is amended by deleting the words and punctuation “estate, other than a decedent’s estate” in subdivision (6).

**SECTION 17.** Tennessee Code Annotated, Section 67-4-2006(a), is amended by adding the following new subdivision immediately after subdivision (4) and by renumbering the remaining subdivisions accordingly:

( ) Any law to the contrary notwithstanding, a single member limited liability company whose single member is a general partnership and which is disregarded for federal income tax purposes shall be subject to the taxes imposed by this Part and Part 21 of this Chapter. The single member limited liability company’s “net earnings” or “net loss” for excise tax purposes shall be determined in the same manner as set forth in subdivision (4) above.

**Senate Finance, Ways, and Means Committee Amendment No. 1**

**Amendment No. 7 to SB3351**

**Henry  
Signature of Sponsor**

**FILED**

Date \_\_\_\_\_

Time \_\_\_\_\_

Clerk \_\_\_\_\_

Comm. Amdt. \_\_\_\_\_

**AMEND Senate Bill 3351**

**House Bill 3364**

**SECTION 18.** Tennessee Code Annotated, Section 67-4-2006(b)(1), subdivision (D), is amended by adding after “26 U.S.C. § 170” the words and punctuation “provided, however, in the case of a sole proprietorship, charitable contributions separate and apart from the business shall not be considered for this purpose;”.

**SECTION 19.** Tennessee Code Annotated, Section 67-4-2006(b)(1), subdivision (E), is amended by adding after “26 U.S.C. § 1212(a)” the words and punctuation “,provided, however, in the case of a sole proprietorship, capital losses from property not used in the business shall not be considered for this purpose”.

**SECTION 20.** Tennessee Code Annotated, Section 67-4-2006(b)(1), is amended by deleting subdivision (F) in its entirety and substituting instead the following:

(F) Any gross premiums tax deducted in determining net earnings but taken as a credit against the excise tax under the provisions of Section 67-4-2009(1).

**SECTION 21.** Tennessee Code Annotated, Section 67-4-2006(b)(2), subdivision (D), is amended by adding after “taxpayer” the words and punctuation “provided, however, in the case of a sole proprietorship, charitable contributions separate and apart from the business shall not be considered for this purpose;”.

**SECTION 22.** Tennessee Code Annotated, Section 67-4-2006(b)(2), subdivision (E), is amended by adding after “26 U.S.C. § 1211(a)” the words and punctuation “,provided, however, in the case of a sole proprietorship, capital losses from property not used in the business shall not be considered for this purpose”.

**SECTION 23.** Tennessee Code Annotated, Section 67-4-2006, is amended by deleting subsection (d) in its entirety and by substituting the following subsections instead:

**Senate Finance, Ways, and Means Committee Amendment No. 1**

**Amendment No. 7 to SB3351**

**Henry  
Signature of Sponsor**

**FILED**

Date \_\_\_\_\_

Time \_\_\_\_\_

Clerk \_\_\_\_\_

Comm. Amdt. \_\_\_\_\_

**AMEND Senate Bill 3351**

**House Bill 3364**

(d)(1) A taxpayer shall then add to its net earnings, determined in accordance with applicable subsections (a), (b) and (c) of this section, an amount equal to the sum of compensation that exceeds, for any one individual, one hundred thousand dollars (\$100,000) per tax year that is paid either to: (1) any individual who owns, by contract or otherwise, more than a one percent (1%) interest in the taxpayer's stock, assets, profits (losses), or voting rights; or (2) a relative or family member of such owner.

(2) In addition, a professional service business shall then add to its net earnings determined in accordance with applicable subsections (a), (b), (c) and (d) of this section, an amount equal to the sum of compensation paid to any professional person employee that exceeds, for any one professional person employee, one hundred thousand dollars (\$100,000) per tax year.

(3) Any amount added under subdivisions (1), (2) or (3) of this subsection (d) shall not be reduced by any net loss or loss carryover computed under subsections (a), (b) or (c) of this section. Taxpayers doing business both inside and outside Tennessee so as to be entitled to apportionment shall apportion the compensation to be added under subdivisions (1) or (2) of this subsection using the appropriate apportionment formula provided by this part.

(e) The amount computed under subsections (a), (b), (c) and (d) shall be the taxpayer's net earnings for purposes of the Tennessee excise tax base to which the tax rate is applied as provided in § 67-4-2007.

**SECTION 24.** Tennessee Code Annotated, Section 67-4-2007(a), is amended by deleting the last sentence thereof and by substituting the following new sentences:

**Senate Finance, Ways, and Means Committee Amendment No. 1**

**Amendment No. 7 to SB3351**

**Henry  
Signature of Sponsor**

**FILED**

Date \_\_\_\_\_

Time \_\_\_\_\_

Clerk \_\_\_\_\_

Comm. Amdt. \_\_\_\_\_

**AMEND Senate Bill 3351**

**House Bill 3364**

Notwithstanding the fact that a person is not-for-profit, such person shall be subject to excise tax on all of its Tennessee net earnings to the extent such earnings constitute unrelated business taxable income as defined in Section 512 of the Internal Revenue Code or are otherwise subject to income taxes under Subtitle A of such Code. Notwithstanding the fact that a person is otherwise exempted from the excise tax, such person shall be subject to excise tax on all of its Tennessee net earnings that are attributable to any activities unrelated to and outside the scope of the activities that give it an exemption status. Furthermore, a not-for-profit that is a professional service business is subject to excise tax on its net earnings as defined in § 67-4-2006.

**SECTION 25.** Tennessee Code Annotated, Section 67-4-2007(b), is amended by adding the following language:

A person doing business in Tennessee without incorporating, domesticating, qualifying or otherwise registering in Tennessee, or doing business in Tennessee while its charter, domestication, qualification or other registration is forfeited, revoked or suspended, shall not be relieved from filing a return and paying the excise tax levied by this part for each tax year that it does business in Tennessee.

**SECTION 26.** Tennessee Code Annotated, Section 67-4-2007, is amended by adding the following new subsections:

( ) For purposes of the excise tax levied by this part, a business entity shall be classified as a corporation, partnership, or other type business entity, consistent with the way the entity is classified for federal income tax purposes, and subject to tax in accordance with this Part 20.



**Senate Finance, Ways, and Means Committee Amendment No. 1**

**Amendment No. 7 to SB3351**

**Henry  
Signature of Sponsor**

**FILED**

Date \_\_\_\_\_

Time \_\_\_\_\_

Clerk \_\_\_\_\_

Comm. Amdt. \_\_\_\_\_

**AMEND Senate Bill 3351**

**House Bill 3364**

( ) Except for unitary groups of financial institutions and business entities that have been required or permitted to file excise tax returns on a combined, consolidated or separate accounting basis under Section 67-4-2014, each taxpayer shall be considered a separate and single business entity for Tennessee excise tax purposes and shall file its Tennessee excise tax return on a separate entity basis reflecting only its own business activities even though it may have filed a consolidated federal income tax return with other members of its unitary group. The federal taxable income computed on a separate entity basis excise tax return and subject to adjustments set forth in Section 67-4-2006 shall be the same federal taxable income that would have been computed on the taxpayer's federal return if it had been filed on a separate entity basis rather than a consolidated basis.

**SECTION 27.** Tennessee Code Annotated, Section 67-4-2008, is amended by deleting the existing language in its entirety and substituting instead the following:

There shall be exempt from the payment of the excise tax levied under this part the following:

(1) Any corporation organized under the laws of the state of Tennessee whose sole expressed corporate purpose is for the furthering of industrial development in communities throughout the state, and doing matters related thereto, and whose stockholders receive no income other than interest or dividends on money invested in such corporation for constructing industrial buildings and whose officers receive no compensation;

**Senate Finance, Ways, and Means Committee Amendment No. 1**

**Amendment No. 7 to SB3351**

**Henry  
Signature of Sponsor**

**FILED**

Date \_\_\_\_\_

Time \_\_\_\_\_

Clerk \_\_\_\_\_

Comm. Amdt. \_\_\_\_\_

**AMEND Senate Bill 3351**

**House Bill 3364**

(2) Corporations organized for the purpose of erecting, owning or operating a common meeting place for more than one (1) Masonic Lodge, more than one (1) Lodge of Odd Fellows, or similar lodges, and which corporations could obtain general welfare charters, and in which corporations all the stock is owned by lodges participating in the common temple or meeting place, regardless of the type of charter held by such operating corporations, except on income received by such corporations as rentals for use for commercial purposes;

(3) Any regulated investment company or investment fund organized as a unit investment trust taxable as a grantor trust under 26 U.S.C. §§ 671-677; provided, that not less than seventy-five percent (75%) of the value of the investments of such regulated investment company or unit investment trust shall be in any combination of bonds of the United States, state of Tennessee, or any county or any municipality or political subdivision of the state, including any agency, board, authority or commission of the state or its subdivisions;

(4) Federal credit unions, credit unions organized under the laws of other taxing jurisdictions, production credit associations organized under 12 U.S.C. § 2071 et seq., or merged associations under 12 U.S.C. § 2279c-1, production credit associations organized under title 56, chapter 4, part 4, or investment companies organized under title 56, chapter 4, part 3;

(5) Venture capital funds; provided, that for purposes of this part, a venture capital fund is a limited liability company, limited liability partnership, or

**Senate Finance, Ways, and Means Committee Amendment No. 1**

**Amendment No. 7 to SB3351**

**Henry  
Signature of Sponsor**

**FILED**

Date \_\_\_\_\_

Time \_\_\_\_\_

Clerk \_\_\_\_\_

Comm. Amdt. \_\_\_\_\_

**AMEND Senate Bill 3351**

**House Bill 3364**

limited partnership, formed and operated for the exclusive purpose of buying, holding and/or selling securities, including debt securities, primarily in non-publicly traded companies on its own behalf and not as a broker, and the capital of which fund is primarily derived from investments by entities and/or individuals which are neither related to nor affiliated with the fund. For purposes of this subdivision, the following provisions shall apply:

(A) I.R.C. Section 267(b) and (f) and any federal regulations applicable thereto, as they may be amended from time to time, shall be used to determine whether entities and/or individuals are “related.”

(B) “Affiliated” means entities that are part of an affiliated group as defined in I.R.C. Section 1504(a) and any applicable federal regulations thereto, as they may be amended from time to time.

(C) “Primarily,” as used in this subdivision, means over fifty percent (50%).

(D) “Non-publicly traded companies” means any business entity that is not a “publicly traded company”, as defined by subdivision (E) below.

(E) A “publicly traded company” is any company that is traded on:

(l) a national securities exchange registered under Section 6 of the Securities Exchange Act of 1934 or exempted from registration under such Act by 15 U.S.C. 78f because of the limited volume of transactions;

**Senate Finance, Ways, and Means Committee Amendment No. 1**

**Amendment No. 7 to SB3351**

**Henry  
Signature of Sponsor**

**FILED**

Date \_\_\_\_\_

Time \_\_\_\_\_

Clerk \_\_\_\_\_

Comm. Amdt. \_\_\_\_\_

**AMEND Senate Bill 3351**

**House Bill 3364**

(ii) a foreign securities exchange operating under principles analogous to a national securities exchange;

(iii) a regional or local exchange;

(iv) an interdealer quotation system that regularly disseminates firm buy or sell quotations by identified brokers or dealers by electronic means or otherwise; or

(v) on a secondary market or the substantial equivalent thereof, if taking into account all of the facts and circumstances, the owners are readily able to buy, sell or exchange their ownership interest in a manner that is comparable, economically, to trading on an exchange.

(6) Limited liability companies, limited partnerships, limited liability partnerships, sole proprietorships and general partnerships, if all of the following criteria are met:

(A) At least 66.67% of the activity of the entity is either farming or the holding of one or more personal residences where one or more of the members or partners reside. For purposes of this subdivision, the following provisions shall apply:

(i) "Farming" is the growing of crops, nursery products, timber or fibers, such as cotton, for human or animal use or consumption or the keeping of horses, cattle, sheep, goats, chickens or other animals for human or animal use or

**Senate Finance, Ways, and Means Committee Amendment No. 1**

**Amendment No. 7 to SB3351**

**Henry  
Signature of Sponsor**

**FILED**

Date \_\_\_\_\_

Time \_\_\_\_\_

Clerk \_\_\_\_\_

Comm. Amdt. \_\_\_\_\_

**AMEND Senate Bill 3351**

**House Bill 3364**

consumption or the keeping of animals that produce products, such as milk, eggs, wool or hides for human or animal use or consumption.

(ii) For this purpose, the activity of the entity shall be considered farming only if at least 66.67% of its income, including capital gains from the sale of assets used in farming, is derived from farming and at least 66.67% of its assets, valued at original cost to the entity, are used by the owner or by the owner's lessee or sharecropper for farming. In the event that an asset's original cost to the entity cannot be determined, or there is no original cost to the entity, for purposes of this subdivision, the property shall be valued at its fair market value at the time of acquisition by the entity.

(iii) A "personal residence(s)", as the term is used in subdivision (A) above, shall include acreage contiguous to the dwelling.

(iv) Any entity that qualifies for franchise tax exemption under this subdivision (6), because of farming activity or because property has been used as a personal residence for at least five years, shall remain exempt for one year from the end of the calendar year in which it ceases to qualify for the exemption, but only with regard to property and transactions related to property

**Senate Finance, Ways, and Means Committee Amendment No. 1**

**Amendment No. 7 to SB3351**

**Henry  
Signature of Sponsor**

**FILED**

Date \_\_\_\_\_

Time \_\_\_\_\_

Clerk \_\_\_\_\_

Comm. Amdt. \_\_\_\_\_

**AMEND Senate Bill 3351**

**House Bill 3364**

that it held at the time that it last qualified for the exemption. Net worth resulting from sales and other transactions involving real, tangible, or intangible property acquired by the entity after it ceased to qualify for the exemption ("after-acquired property") shall be subject to the franchise tax. After-acquired property shall be included in the entity's franchise tax minimum measure. If the entity computes an apportionment formula, any after-acquired property and any compensation or gross receipts related to such property shall be included in the appropriate factors of such formula.

(v) In order to qualify as a personal residence, the dwelling unit must be occupied for personal use by partners or members of the entity for more days than it is rented to others who are not partners or members of the entity. For purposes of this subdivision, the provisions of I.R.C. Section 280A(d)(2) shall be used to define "personal use".

(B) At least ninety-five percent (95%) of the voting rights, capital interest or profits of the entity are owned either by natural persons who are relatives of one another or by trusts for their benefit. For this purpose, natural persons shall be considered "relatives" if, by blood or adoption, they are descended from a common ancestor and their relationship with

**Senate Finance, Ways, and Means Committee Amendment No. 1**

**Amendment No. 7 to SB3351**

**Henry  
Signature of Sponsor**

**FILED**

Date \_\_\_\_\_

Time \_\_\_\_\_

Clerk \_\_\_\_\_

Comm. Amdt. \_\_\_\_\_

**AMEND Senate Bill 3351**

**House Bill 3364**

each other is that of a first (1st) cousin or closer than that of a first (1st) cousin, or if they are spouses of one another.

(7) Limited liability companies, limited liability partnerships or limited partnerships existing on May 1, 1999, on which date and at all times thereafter met all of the following criteria:

(A) were at least ninety-eight percent (98%) owned by corporate members of an affiliated group as defined in 26 U.S.C. Section 1504(a);

(B) were formed and operated for the exclusive purpose of acquiring notes from members of such affiliated group, accounts receivable, installment sale contracts, and similar evidence of indebtedness obtained in the ordinary course of business by one or more members of such affiliated group;

(C) the assets of which directly or indirectly serve as security for third party borrowings or securitized indebtedness acquired by third parties;

(D) at least eighty percent (80%) of the income therefrom included in the income of a corporation doing business in Tennessee; and

(E) such income is subject to the applicable allocation and apportionment rules as found in this part.

(8) An entity which satisfies both of the following requirements:

(A) It is classified as a partnership or trust in accordance with the provisions of 26 USC Section 7701 and the federal regulations and

**Senate Finance, Ways, and Means Committee Amendment No. 1**

**Amendment No. 7 to SB3351**

**Henry  
Signature of Sponsor**

**FILED**

Date \_\_\_\_\_

Time \_\_\_\_\_

Clerk \_\_\_\_\_

Comm. Amdt. \_\_\_\_\_

**AMEND Senate Bill 3351**

**House Bill 3364**

rulings promulgated thereunder or has elected to be treated as a real estate mortgage investment conduit (REMIC) under 26 USC Section 860D or as a financial asset securitization investment trust (FASIT) under 26 USC Section 860L; and

(B) The sole purpose of the entity, except for foreclosures and dispositions of the assets of foreclosures, is the asset-backed securitization of debt obligations, such as first or second mortgages, including home equity loans, trade receivables (whether an open account or evidenced by a note or installment or conditional sales contract), obligations substituted for trade receivables, credit card receivables, personal property leases treated as debt for purposes of the Internal Revenue Code of 1986, as amended, automobile loans or similar debt obligations. The term "trade receivables" as used in the above sentence is defined as obligations arising from the sale of inventory in the ordinary course of business.

(9) Receipts, net of related expenses, of a proprietorship, or closely held partnership, limited liability company or corporation, from the sale of a personal residence and contiguous acreage, shall be excluded from the computation of net earnings under § 67-4-2006, and gross receipts from such sales shall be excluded from the apportionment ratio receipts factor(s). For purposes of this subsection, "closely held" shall mean an entity that has five (5) or fewer partners, members or shareholders.



**Senate Finance, Ways, and Means Committee Amendment No. 1**

**Amendment No. 7 to SB3351**

**Henry  
Signature of Sponsor**

**FILED**

Date \_\_\_\_\_

Time \_\_\_\_\_

Clerk \_\_\_\_\_

Comm. Amdt. \_\_\_\_\_

**AMEND Senate Bill 3351**

**House Bill 3364**

**SECTION 28.** Tennessee Code Annotated, Section 67-4-2009(4)(A), is amended by deleting subdivision (ii) and substituting instead the following:

(ii) "Computer", "computer network", "computer software", or "computer system" as defined by Section 39-14-601, and any peripheral devices, including, but not limited to, hardware, such as printers, plotters, external disc drives, modems, and telephone units, purchased by a taxpayer in the process of making the "required capital investment" in Tennessee described in Section 67-4-2109(c)(1)(C), if as a result of making such purchase and meeting the other requirements set forth in Section 67-4-2109(c), the taxpayer qualifies for the job tax credit provided therein.

**SECTION 29.** Tennessee Code Annotated, Section 67-4-2009, is amended by adding the following new subdivision:

( ) A credit shall be allowed against the tax imposed by this part in an amount equal to the tax levied on, and paid by, the taxpayer by Part 17 of this title and chapter.

**SECTION 30.** Tennessee Code Annotated, Section 67-4-2012, is amended by deleting the last sentence of subsection (b) in its entirety and by adding the following new subdivisions:

(1) For this purpose, " property" shall not include a taxpayer's ownership share of any specific property of a partnership or entity treated as a partnership for federal income tax purposes, doing business in Tennessee, in which such taxpayer has a ownership interest. A return being filed by a limited liability company that has a general partnership as its single member shall include in its property factor only the real and tangible property owned or used by the limited liability company.

**Senate Finance, Ways, and Means Committee Amendment No. 1**

**Amendment No. 7 to SB3351**

**Henry  
Signature of Sponsor**

**FILED**

Date \_\_\_\_\_

Time \_\_\_\_\_

Clerk \_\_\_\_\_

Comm. Amdt. \_\_\_\_\_

**AMEND Senate Bill 3351**

**House Bill 3364**

(2) "Property" shall also include a taxpayer's ownership share of the real or tangible property owned or rented by any pass-through entity in proportion to such taxpayer's share of the federal taxable income or loss of such pass-through entity; provided, that there shall be no inclusion of such factors if any items of income, gain, deduction, loss or expense of such pass-through entity are excluded from the computation of the taxpayer's net earnings or loss pursuant to Sections 67-4-2006(b)(1)(I) or 67-4-2006(b)(2)(K).

(3) Notwithstanding any law to the contrary, "property" shall also include any taxpayer's ownership share of the real or tangible property owned or rented by any pass-through entity in which the taxpayer has an ownership interest, directly or indirectly through one or more such entities, and which is not doing business in Tennessee and, therefore, is not subject to Tennessee excise tax. The cost value or rental value of such property shall be determined from the books and records of the entity in which the taxpayer has an interest and such property shall be valued in accordance with the provisions of subsection (c) below.

**SECTION 31.** Tennessee Code Annotated, Section 67-4-2012, is amended by deleting the last sentence of subsection (e) in its entirety and by adding the following new subdivisions:

(1) For this purpose, "compensation" shall not include a taxpayer's ownership share of any specific compensation of a partnership or entity treated as a partnership for federal income tax purposes, doing business in Tennessee, in which such taxpayer has an ownership interest. A return being filed by a limited liability company that has a

**Senate Finance, Ways, and Means Committee Amendment No. 1**

**Amendment No. 7 to SB3351**

**Henry  
Signature of Sponsor**

**FILED**

Date \_\_\_\_\_

Time \_\_\_\_\_

Clerk \_\_\_\_\_

Comm. Amdt. \_\_\_\_\_

**AMEND Senate Bill 3351**

**House Bill 3364**

general partnership as its single member shall include in its payroll factor only the compensation attributed to the limited liability company.

(2) "Compensation" shall also include a taxpayer's share any compensation of a pass-through entity in proportion to such taxpayer's share of the federal taxable income or loss of such pass-through entity; provided, that there shall be no inclusion of such factors if any items of income, gain, deduction, loss or expense of such pass-through entity are excluded from the computation of the taxpayer's net earnings or loss pursuant to Sections 67-4-2006(b)(1)(I) or 67-4-2006(b)(2)(K).

(3) Notwithstanding any law to the contrary, "compensation" shall also include any taxpayer's ownership share of any specific compensation of pass-through entity in which the taxpayer has an ownership interest, directly or indirectly through one or more such entities, and which is not doing business in Tennessee and, therefore, is not subject to Tennessee excise tax.

**SECTION 32.** Tennessee Code Annotated, Section 67-4-2012, is amended by deleting the last sentence of subsection (g) in its entirety and by adding the following new subdivisions:

(1) For this purpose, "gross receipts" shall not include a taxpayer's ownership share of the gross receipts of a partnership or entity treated as a partnership for federal income tax purposes, doing business in Tennessee, in which such taxpayer has an ownership interest. A return being filed by a limited liability company that has a general partnership as its single member shall include in its gross receipts factor only the gross receipts attributed to the limited liability company.

**Senate Finance, Ways, and Means Committee Amendment No. 1**

**Amendment No. 7 to SB3351**

**Henry  
Signature of Sponsor**

**FILED**

Date \_\_\_\_\_

Time \_\_\_\_\_

Clerk \_\_\_\_\_

Comm. Amdt. \_\_\_\_\_

**AMEND Senate Bill 3351**

**House Bill 3364**

(2) "Gross receipts" shall also include a taxpayer's share any gross receipts of a pass-through entity in proportion to such taxpayer's share of the federal taxable income or loss of such pass-through entity; provided, that there shall be no inclusion of such factor if any items of income, gain, deduction, loss or expense of such pass-through entity are excluded from the computation of the taxpayer's net earnings or loss pursuant to Sections 67-4-2006(b)(1)I) or 67-4-2006(b)(2)(K).

(3) Notwithstanding any law to the contrary, "gross receipts" shall also include any taxpayer's ownership share of gross receipts of a pass-through entity in which the taxpayer has an ownership interest, directly or indirectly through one or more such entities, and which is not doing business in Tennessee and, therefore, is not subject to Tennessee excise tax.

**SECTION 33.** Tennessee Code Annotated, Section 67-4-2015(b)(1) is amended by deleting the first sentence thereof and substituting the following: "Every taxpayer, who has a combined franchise and excise tax liability of five thousand dollars (\$5000) or more for the current tax year, shall make four (4) equal quarterly estimated franchise and excise tax payments for its current tax year.

**SECTION 34.** Tennessee Code Annotated, Section 67-4-2015(d), is amended by adding the following new sentence:

Notwithstanding any provision of law to the contrary, a taxpayer that has timely made four (4) quarterly estimated franchise and excise tax payments, each of which equals at least twenty-five percent (25%) of the current year's franchise and excise tax liability, shall not be assessed a deficiency penalty with regard to any quarterly payment.

**Senate Finance, Ways, and Means Committee Amendment No. 1**

**Amendment No. 7 to SB3351**

**Henry  
Signature of Sponsor**

**FILED**

Date \_\_\_\_\_

Time \_\_\_\_\_

Clerk \_\_\_\_\_

Comm. Amdt. \_\_\_\_\_

**AMEND Senate Bill 3351**

**House Bill 3364**

**SECTION 35.** Tennessee Code Annotated, Section 67-4-2015(g), is amended by deleting in their entirety the words, numbers and punctuation “one hundred percent (100%)” wherever they appear and substituting instead the words, numbers and punctuation “ninety percent (90%)”.

**SECTION 36.** Tennessee Code Annotated, Title 67, Chapter 4, Part 20, is amended by adding the following new section:

(a) The provisions of this section shall apply to any person who meets all of the following criteria, notwithstanding any other provision of law to the contrary:

(1) The person was formed as a business entity after December 31, 1995.

(2) The person was not subject to Tennessee franchise, excise taxes prior to the date Chapter 406 of the Public Acts of 1999 became applicable to it.

(3) Had the person been subject to franchise taxes, it could have, under the provisions of § 67-4-908(c) prior to its repeal by Chapter 406, qualified for the job tax credit and any carryover thereof for the calendar tax years 1997 and 1998.

(b) Any person who meets the criteria set forth in subsection (a)(1) through (5) above shall be entitled to:

(1) In accordance with the provisions and limitations of § 67-4-908(c) prior to its repeal, compute any job tax credit that it would have been entitled to for the calendar tax years 1997 and 1998, had it been subject to the Tennessee franchise tax for those tax years.

**Senate Finance, Ways, and Means Committee Amendment No. 1**

**Amendment No. 7 to SB3351**

**Henry  
Signature of Sponsor**

**FILED**

Date \_\_\_\_\_

Time \_\_\_\_\_

Clerk \_\_\_\_\_

Comm. Amdt. \_\_\_\_\_

**AMEND Senate Bill 3351**

**House Bill 3364**

(2) Apply the job tax credit computed under subdivision (1) of this subsection to the franchise tax that it would have had in that tax year, had it been subject to such tax, and apply any remaining unused carryover thereof to the franchise tax that it had, or would have had if it had been subject to the franchise tax, in the next succeeding tax year until fully utilized, but in no case for more than fifteen years after the tax year in which the credit originated.

(3) In accordance with the provisions and limitations of § 67-4-808(5) prior to its repeal, compute any industrial machinery excise tax credit that it would have had for the calendar tax years 1997 and 1998, had it been subject to the Tennessee excise tax for those tax years.

(4) Apply the industrial machinery excise tax credit computed under subdivision (3) of this subsection to the excise tax that it would have had if it had been subject to the excise tax in that tax year, and apply any remaining unused carryover thereof to the excise tax that it had, or that it would have had if it had been subject to such tax, in the next succeeding tax year until fully utilized, but in no case for more than fifteen years after the tax year in which the credit originated. The recapture provisions of § 67-4-808(5)(4)(D) before its repeal shall apply if any of the industrial machinery purchased in 1997 or 1998 is sold or removed from the state of Tennessee before the expiration of its useful life as established according to the depreciation guidelines in effect for excise tax purposes.

**Senate Finance, Ways, and Means Committee Amendment No. 1**

**Amendment No. 7 to SB3351**

**Henry  
Signature of Sponsor**

**FILED**

Date \_\_\_\_\_

Time \_\_\_\_\_

Clerk \_\_\_\_\_

Comm. Amdt. \_\_\_\_\_

**AMEND Senate Bill 3351**

**House Bill 3364**

(5) In accordance with the provisions and limitations of § 67-4-805(b)(2)(C) prior to its repeal, compute any net operating loss carryover that it would have had for the calendar tax years 1997 and 1998 had it been subject to Tennessee excise tax for those tax years.

(6) Apply any net operating loss carryover computed under subdivision (5) of this subsection to any Tennessee net earnings subject to Tennessee excise tax, or that would have been subject to excise tax had the person been liable to pay such a tax, in the next succeeding tax year until fully utilized, but in no case for more than fifteen years after the tax year in which the loss originated.

**SECTION 37.** With respect to sole proprietorships and general partnerships, for tax years beginning before July 1, 2000, and ending on or before December 31, 2000, the excise tax levied by this act shall be the amount determined by multiplying the tax otherwise computed under the provisions of this act by a ratio, the numerator of which is the number of days in the tax period and on or after July 1, 2000, and the denominator of which is the total number of days in the tax period.

**SECTION 38.** Tennessee Code Annotated, Section 67-4-2105, is amended by deleting subsection (a) in its entirety and substituting instead the following:

(a) All persons doing business in Tennessee, including any limited liability company regardless of how it is treated for federal income tax purposes, or any person exercising the corporate franchise, except for those having not-for-profit status, otherwise exempt under Section 67-4-2008, or exempt under any other subsection of this section, shall pay to the commissioner of revenue annually a privilege tax in addition

**Senate Finance, Ways, and Means Committee Amendment No. 1**

**Amendment No. 7 to SB3351**

**Henry  
Signature of Sponsor**

**FILED**

Date \_\_\_\_\_

Time \_\_\_\_\_

Clerk \_\_\_\_\_

Comm. Amdt. \_\_\_\_\_

**AMEND Senate Bill 3351**

**House Bill 3364**

to all other taxes, the rate and measure of which are hereinafter set forth. The tax shall be paid for the privilege of doing business in Tennessee, and shall be in addition to all other taxes levied by any other statute. Notwithstanding any provision of law to the contrary, a not-for-profit entity shall be subject to the franchise tax on all of its Tennessee net worth or real or tangible personal property owned or used, as the case may be, that is attributable to activities subject to income taxes under Section 512 or any other provision of Subtitle A of the Internal Revenue code. Notwithstanding any provision of law to the contrary, a taxpayer that is exempted from the franchise tax shall be subject to such tax on all of its Tennessee net worth or real or tangible personal property owned or used, as the case may be, that is attributable to any activities that are unrelated to and outside the scope of the activities that gave the entity its exempt status.

(j) There shall be exempt from the payment of the franchise tax levied under this part an entity that is treated as a partnership for federal income tax purposes and that is wholly owned, directly or indirectly, by a real estate investment trust. In the event that such an entity is partly owned, directly or indirectly, by a real estate investment trust, the entity shall be exempt from the tax imposed by this part only to the extent that it is owned by a real estate investment trust. Such an entity shall file a franchise tax return as required by this part and compute the franchise tax as though it were not partially exempt. The franchise tax so computed shall then be multiplied by the percentage of ownership by entities that are not real estate investment trusts and the result shall be the franchise tax payable by the entity for its tax year.



**Senate Finance, Ways, and Means Committee Amendment No. 1**

**Amendment No. 7 to SB3351**

**Henry  
Signature of Sponsor**

**FILED**

Date \_\_\_\_\_

Time \_\_\_\_\_

Clerk \_\_\_\_\_

Comm. Amdt. \_\_\_\_\_

**AMEND Senate Bill 3351**

**House Bill 3364**

**SECTION 39.** Tennessee Code Annotated, Section 67-4-2105(c), is amended by adding the following language:

A person doing business in Tennessee without incorporating, domesticating, qualifying or otherwise registering in Tennessee or doing business in Tennessee while its charter, domestication, qualification or other registration is forfeited, revoked or suspended shall not be relieved from filing a return and paying the franchise tax levied by this part for each tax year that it does business in Tennessee.

**SECTION 40.** Tennessee Code Annotated, Section 67-4-2105, is amended by adding the following new subsections:

(f) There shall be exempt from the franchise tax levied by this part, limited liability companies, limited partnerships and limited liability partnerships, all of whose members or partners are fully liable for the debts, obligations and liabilities of the entity, as provided in subsections (g), (h) and (i), and who have filed appropriate documentation to that effect with the secretary of state on or before the first day of the taxable year; provided, however, for tax years beginning before January 2, 2000, such documentation shall be filed on or before September 15, 2000; and further provided that this subsection (f) shall not apply to any limited liability company, limited partnership or limited liability partnership which is owned, in whole or in part, directly or indirectly, by a corporation other than a not-for-profit corporation. If an additional partner or member is admitted to the entity, such partner or member must file the appropriate documentation with the secretary of state within sixty days of such person's admission. For purposes of this item, partners or members may be "fully liable" even though one or more persons or

**Senate Finance, Ways, and Means Committee Amendment No. 1**

**Amendment No. 7 to SB3351**

**Henry  
Signature of Sponsor**

**FILED**

Date \_\_\_\_\_

Time \_\_\_\_\_

Clerk \_\_\_\_\_

Comm. Amdt. \_\_\_\_\_

**AMEND Senate Bill 3351**

**House Bill 3364**

individuals dealing with the partnership or limited liability company have by contract agreed to limit their claims against one or more partners or members or against the partnership or limited liability company.

(g)(1) Notwithstanding any provision of law to the contrary, the certificate of a limited partnership may provide that one (1) or more specifically identified limited partners, as named in the certificate of limited partnership, will be personally liable for all of the debts, obligations and liabilities of the limited partnership to the same extent as a general partner, and if so, each such specifically identified limited partner shall be liable to the same extent as a general partner in a general partnership; provided, that:

(A) In order to be effective, each limited partner so identified must sign the certificate of limited partnership, or an amendment to the certificate of limited partnership containing this provision and such signature must be notarized. The certificate or amendment must contain the following two sentences in all capitalized letters: "THE EXECUTION AND FILING OF THIS DOCUMENT WILL CAUSE SUCH LIMITED PARTNER TO BE PERSONALLY LIABLE FOR THE DEBTS AND OBLIGATIONS OF THE LIMITED PARTNERSHIP TO THE SAME EXTENT AS A GENERAL PARTNER. PLEASE CONSULT YOUR ATTORNEY."

The amendment or certificate may provide that it is only effective if all limited partners make and maintain such an election. In such case the certificate of limited partnership must affirmatively identify each general and limited partner of the limited partnership and state that such persons constitute all partners.

**Senate Finance, Ways, and Means Committee Amendment No. 1**

**Amendment No. 7 to SB3351**

**Henry  
Signature of Sponsor**

**FILED**

Date \_\_\_\_\_

Time \_\_\_\_\_

Clerk \_\_\_\_\_

Comm. Amdt. \_\_\_\_\_

**AMEND Senate Bill 3351**

**House Bill 3364**

(B) Each such limited partner shall continue to be personally liable for all of the debts, obligations and liabilities of the partnership to the same extent as a general partner would be until (i) such limited partner withdraws from the partnership and the withdrawal is recorded with the certificate of limited partnership at the Secretary of State's Office or (ii) the certificate of limited partnership is amended to strike such limited partner's name as a limited partner electing joint and several liability or, if the certificate of limited partnership provides that all limited partners must elect joint and several personal liability for all of the debts, obligations and liabilities of the limited partnership if any limited partners are to be so liable, an amendment striking one limited partner who continues to be a limited partner shall strike all limited partners. Such document must be executed by the limited partner desiring to cease being so liable and promptly delivered to the general partner(s) and all other partners who are identified in the certificate of limited partnership as being jointly and severally personally liable for the debts, obligations and liabilities of the limited partnership.

(C) Such limited partnership must have a written partnership agreement that sets forth in reasonable detail (i) the purpose of the limited partnership, (ii) the identity of each general partner; (iii) the scope of authority within the limited partnership of one or more of the general partners to incur debt or other obligations in the absence of limited partner approval; (iv) the fact that each limited partner electing to have joint and several liability will be liable for the all debts and obligations of the limited partnership however arising (contract, tort, or

**Senate Finance, Ways, and Means Committee Amendment No. 1**

**Amendment No. 7 to SB3351**

**Henry  
Signature of Sponsor**

**FILED**

Date \_\_\_\_\_

Time \_\_\_\_\_

Clerk \_\_\_\_\_

Comm. Amdt. \_\_\_\_\_

**AMEND Senate Bill 3351**

**House Bill 3364**

otherwise) or from the actions of the general partner(s) or other limited partners in furtherance of the limited partnership's business or other activity; (v) the fact that each limited partner may revoke his or her election to have joint and several unlimited liability and remain a limited partner; and (vi) the terms and conditions under which one or more general partners may be removed or the limited partnership dissolved and terminated.

(2) A limited partner who is identified in the certificate of limited partnership as being personally liable, always has the power but not necessarily the right, to revoke the election for joint and several liability for the limited partnership's debts and obligations by filing an amendment to the certificate of limited partnership stating that such limited partner revokes his or her election to be personally liable and will not be liable for any future debts, obligations and liabilities of the limited partnership and will not be liable for any future debts, obligations and liabilities of the partnership. Such amendment to the certificate shall be effective immediately except as provided in item (3) below.

(3) An amendment to the certificate of limited partnership filed pursuant to subdivision (2) is not effective against such parties reasonably relying upon such certificate until the passage of ninety (90) days from the filing of the amendment to the certificate of limited partnership. Notwithstanding the preceding, such limited partner or former limited partner will continue to be liable for all of the debts, obligations and liabilities of the limited partnership incurred by the limited partnership while such limited partner assumed such liability, including, if applicable, the above described 90 day period.

**Senate Finance, Ways, and Means Committee Amendment No. 1**

**Amendment No. 7 to SB3351**

**Henry  
Signature of Sponsor**

**FILED**

Date \_\_\_\_\_

Time \_\_\_\_\_

Clerk \_\_\_\_\_

Comm. Amdt. \_\_\_\_\_

**AMEND Senate Bill 3351**

**House Bill 3364**

(h)(1) Notwithstanding any provision of law to the contrary, the application of registered limited liability partnership may provide that one (1) or more specifically identified partners, as named in the application, will be personally liable for all of the debts, obligations and liabilities of the registered limited liability partnership to the same extent as a general partner of a general partnership; provided, that:

(A) In order to be effective, each partner so identified must sign the application of registered limited liability partnership, or an amendment to the application of registered limited liability partnership containing this provision and such signature must be notarized. The application or amendment must contain the following two sentences in all capitalized letters: "THE EXECUTION AND FILING OF THIS DOCUMENT WILL CAUSE SUCH PARTNER TO BE PERSONALLY LIABLE FOR THE DEBTS AND OBLIGATIONS OF THE LIMITED LIABILITY PARTNERSHIP TO THE SAME EXTENT AS A GENERAL PARTNER OF A GENERAL PARTNERSHIP. PLEASE CONSULT YOUR ATTORNEY." The amendment or application may provide that it is only effective if all partners make and maintain such an election. In such case the application of registered limited liability partnership must affirmatively identify each partner of the limited liability partnership and state that such persons constitute all partners;

(B) Each such partner shall continue to be personally liable for all of the debts, obligations and liabilities of the partnership to the same extent as a general partner of a general partnership until (i) such partner withdraws from the partnership and the withdrawal is recorded with the application at the Secretary

**Senate Finance, Ways, and Means Committee Amendment No. 1**

**Amendment No. 7 to SB3351**

**Henry  
Signature of Sponsor**

**FILED**

Date \_\_\_\_\_

Time \_\_\_\_\_

Clerk \_\_\_\_\_

Comm. Amdt. \_\_\_\_\_

**AMEND Senate Bill 3351**

**House Bill 3364**

of State's Office or (ii) the application of registered limited liability partnership is amended to strike such partner's name as a partner electing joint and several liability or, if the application of limited liability partnership provides that all partners must elect joint and several personal liability for all of the debts, obligations and liabilities of the partnership if any are to be so liable, an amendment striking one partner who has not withdrawn and continues to be a partner shall strike all partners. Such document must be executed by the partner desiring to cease being so liable and promptly delivered to all remaining partners who are identified in the application of registered limited liability partnership as being jointly and severally personally liable for the debts, obligations and liabilities of the partnership to the same extent as a general partner of a general partnership.

(2) Such limited liability partnership must have a written partnership agreement that sets forth in reasonable detail (i) the purpose of the partnership, (ii) the identity of each partner; (iii) the scope of authority within the partnership of one or more of the partners to incur debt or other obligations in the absence of partner approval; (iv) the fact that each partner electing to have joint and several liability will be liable for the all debts and obligations of the partnership however arising (contract, tort, or otherwise) or from the actions of the other partners in connection with the partnership's business or other activity; (v) the fact that each partner has the power to revoke his or her election to have joint and several unlimited liability and remain a partner; and (vi) the terms and

**Senate Finance, Ways, and Means Committee Amendment No. 1**

**Amendment No. 7 to SB3351**

**Henry  
Signature of Sponsor**

**FILED**

Date \_\_\_\_\_

Time \_\_\_\_\_

Clerk \_\_\_\_\_

Comm. Amdt. \_\_\_\_\_

**AMEND Senate Bill 3351**

**House Bill 3364**

conditions under which one or more partners may be removed or the partnership dissolved and terminated.

(3) A partner who is identified in the application of a limited liability partnership as being personally liable, always has the power but not necessarily the right, to revoke the election for joint and several liability for the partnership's debts and obligations by filing an amendment to the application of limited liability partnership stating that such partner has revoked his or her election to be liable for the debts and obligations of the partnership and will not be liable for any future debts, obligations and liabilities of the partnership. Such amendment to the application shall be effective immediately except as provided in item (4) below.

(4) An amendment to the application of a limited liability partnership filed pursuant to §61-1-143 is not effective against such parties reasonably relying upon such application until the passage of ninety (90) days from the filing of the amendment to the application of limited liability partnership. Notwithstanding the preceding, such partner or former partner will continue to be liable for all of the debts, obligations and liabilities of the partnership incurred by the partnership while such partner assumed such liability.

(i)(1) Notwithstanding any provision of law to the contrary, the articles of a limited liability company may provide that one (1) or more specifically identified members, as named in the articles, will be personally liable for all of the debts, obligations and liabilities of the limited liability company and, if so, each such specifically identified member shall be liable to the same extent as a general partner in a general partnership; provided, that:

**Senate Finance, Ways, and Means Committee Amendment No. 1**

**Amendment No. 7 to SB3351**

**Henry  
Signature of Sponsor**

**FILED**

Date \_\_\_\_\_

Time \_\_\_\_\_

Clerk \_\_\_\_\_

Comm. Amdt. \_\_\_\_\_

**AMEND Senate Bill 3351**

**House Bill 3364**

(A) In order to be effective, each member so identified must sign the articles, or an amendment to the articles containing this provision. The amendment or articles may provide that it is only effective if all members make and maintain such an election. In such case the articles must affirmatively identify each member and state that such persons constitute all of the members of the limited liability company;

(B) Each such member shall continue to be personally liable for all of the debts, obligations and liabilities of the limited liability company to the same extent as a general partner of a general partnership until (i) the member withdraws from the limited liability company or (ii) the articles are amended to strike such member's name as a member electing joint and several liability or, if the articles provide that all members must elect joint and several personal liability for all of the debts, obligations and liabilities of the limited liability company if any are to be so liable, an amendment striking one member who continues to be a member shall strike all members. Such document must be executed by the member desiring to cease being so liable and promptly delivered to any remaining members who are identified in the articles as personally being jointly and severally liable for the debts, obligations and liabilities of the limited liability company.

**SECTION 41.** Tennessee Code Annotated, Section 67-4-2106(a) is amended by deleting the words "in accordance with generally accepted accounting principles" and substituting instead the words "determined in accordance with subsection (b) below".



**Senate Finance, Ways, and Means Committee Amendment No. 1**

**Amendment No. 7 to SB3351**

**Henry  
Signature of Sponsor**

**FILED**

Date \_\_\_\_\_

Time \_\_\_\_\_

Clerk \_\_\_\_\_

Comm. Amdt. \_\_\_\_\_

**AMEND Senate Bill 3351**

**House Bill 3364**

**SECTION 42.** Tennessee Code Annotated, Section 67-4-2106, is amended by deleting subsection (b) in its entirety and substituting instead the following:

(b) For purposes of this section, for taxpayer's filing on a separate entity basis, "net worth" is defined as the difference between a taxpayer's total assets less its total liabilities computed in accordance with generally accepted accounting principles. However, if the taxpayer does not maintain its books and records in accordance with generally accepted accounting principles, net worth shall be computed in accordance with the accounting method used by the taxpayer for federal tax purposes, so long as the method fairly reflects the taxpayer's net worth for purposes of the tax levied by this part. For taxpayers required by this part to file as a unitary group on a combined basis, "net worth" is defined as the difference between each such taxpayers' total assets less its total liabilities computed in accordance with generally accepted accounting principles.

**SECTION 43.** Tennessee Code Annotated, Section 67-4-2106, is amended by adding the following new subsection:

( ) For purposes of the franchise tax levied by this part, a business entity shall be classified as a corporation, partnership, or other type business entity, consistent with the way the entity is classified for federal income tax purposes, and subject to tax in accordance with this Part 21. Notwithstanding any provision of law to the contrary, entities that are disregarded for federal income tax purposes, except for limited liability companies whose single member is a corporation, shall not be disregarded for Tennessee franchise tax purposes. Except for unitary groups of financial institutions, business entities that have been required or permitted to file franchise tax returns on a

**Senate Finance, Ways, and Means Committee Amendment No. 1**

**Amendment No. 7 to SB3351**

**Henry  
Signature of Sponsor**

<b>FILED</b>
Date _____
Time _____
Clerk _____
Comm. Amdt. _____
_____

**AMEND Senate Bill 3351**

**House Bill 3364**

combined, consolidated or separate accounting basis under Section 67-4-2112, each taxpayer shall be considered a separate and single business entity for Tennessee franchise tax purposes and shall file its Tennessee franchise tax return on a separate entity basis reflecting only its own business activities even though it may have filed a consolidated federal income tax return with other members of its unitary group.

**SECTION 44.** Tennessee Code Annotated, Section 67-4-2107(b), is amended by adding the following sentence:

Provided, however, if the taxpayer, other than any taxpayer required by this part to file as a unitary group on a combined basis, does not maintain its books and records in accordance with generally accepted accounting principles, the value of the interest shall be computed in accordance with the accounting method used by the taxpayer for federal tax purposes, so long as the method fairly reflects the value of the taxpayer's ownership interest for purposes of the tax levied by this part.

**SECTION 45.** Tennessee Code Annotated, Section 67-4-2108(a), is amended by deleting subdivision (3) in its entirety and substituting in its place the following:

(3) For purposes of this section, "property" shall be valued at cost less accumulated depreciation in accordance with generally accepted accounting principles; provided, however, if the taxpayer, other than any taxpayer required by this part to file as a unitary group on a combined basis, does not maintain its books and records in accordance with generally accepted accounting principles, the value of the property shall be computed in accordance with the accounting method used by the taxpayer for federal tax purposes, so long as the method fairly reflects the property's value for purposes of

**Senate Finance, Ways, and Means Committee Amendment No. 1**

**Amendment No. 7 to SB3351**

**Henry  
Signature of Sponsor**

<b>FILED</b>
Date _____
Time _____
Clerk _____
Comm. Amdt. _____
_____

**AMEND Senate Bill 3351**

**House Bill 3364**

the tax levied by this part. A return being filed by a limited liability company that has a general partnership as its single member shall include in its franchise tax minimum measure only the real and tangible property owned or used by the limited liability company. For this purpose, "property" includes a taxpayer's ownership share of the real or tangible property owned or rented by any general or limited partnership, subchapter S corporation, limited liability company, or other entity treated as a partnership for federal tax purposes and not subject to the tax levied by this part and in which the taxpayer has an ownership interest either directly or indirectly through one or more such entities. In cases where part or all of the property is rented, the value of rented property used shall be determined by multiplying the net annual rental by the following multiples:

Multiples

- (a) Real property ..... .8
- (b) Machinery and equipment used in manufacturing and processing .....3
- (c) Furniture, office machinery and equipment ..... 2
- (d) Delivery or mobile equipment ..... 1

**SECTION 46.** Tennessee Code Annotated, Section 67-4-2109(c)(1)(B) is amended by deleting "corporate offices" and substituting "offices of persons subject to the franchise or excise tax.

**SECTION 47.** Tennessee Code Annotated, Section 67-4-2111(b) is amended by deleting subdivision (2) in its entirety and substituting instead the following

(2) For this purpose, "property" shall not include a taxpayer's ownership share of any specific property of a partnership or entity treated as a partnership for federal

**Senate Finance, Ways, and Means Committee Amendment No. 1**

**Amendment No. 7 to SB3351**

**Henry  
Signature of Sponsor**

**FILED**

Date \_\_\_\_\_

Time \_\_\_\_\_

Clerk \_\_\_\_\_

Comm. Amdt. \_\_\_\_\_

**AMEND Senate Bill 3351**

**House Bill 3364**

income tax purposes, doing business in Tennessee, in which such taxpayer has an ownership interest. A return being filed by a limited liability company that has a general partnership as its single member shall include in its property factor only the real and tangible property owned or used by the limited liability company.

(A) "Property shall also include a taxpayer's ownership share of the real or tangible property owned or rented by any pass-through entity in proportion to such taxpayer's share of the federal taxable income or loss of such pass-through entity, provided, that there shall be no inclusion of such factors if any items of income, gain, deduction, loss or expense of such pass-through entity are excluded from the computation of the taxpayer's net earnings or loss pursuant to Sections 67-4-2006(B)(1)(I) or 67-4-2006(b)(2)(K).

(B) Notwithstanding any law to the contrary, property shall also include any taxpayer's ownership share of the real or tangible property owned or rented by any pass-through entity in which the taxpayer has an ownership interest, directly or indirectly through one or more such entities, and which is not doing business in Tennessee and, therefore, is not subject to Tennessee franchise tax. The cost value or rental value of such property shall be determined from the books and records of the entity in which the taxpayer has an interest and such property shall be valued in accordance with the provisions of subsection (c) below.

**SECTION 48.** Tennessee Code Annotated, Section 67-4-2111(e) is amended by deleting subdivision (3) in its entirety and substituting instead the following:

**Senate Finance, Ways, and Means Committee Amendment No. 1**

**Amendment No. 7 to SB3351**

**Henry  
Signature of Sponsor**

**FILED**

Date \_\_\_\_\_

Time \_\_\_\_\_

Clerk \_\_\_\_\_

Comm. Amdt. \_\_\_\_\_

**AMEND Senate Bill 3351**

**House Bill 3364**

(3) For this purpose, compensation shall not include a taxpayer's ownership share of any specific compensation of a partnership or entity treated as a partnership for federal income tax purposes, doing business in Tennessee, in which such taxpayer has an ownership interest. A return being filed by a limited liability company.

(A) "Compensation shall also include a taxpayer's share any compensation of a pass-through entity in proportion to such taxpayer's share of the federal taxable income or loss of such pass-through entity; provided, that there shall be no inclusion of such factors if any items of income, gain, deduction, loss or expense of such pass-through entity are excluded from the computation of the taxpayer's net earnings or loss pursuant to Sections 67-4-2006(b)(1)(I) or 67-4-2006(b)(2)(K).

(B) Notwithstanding any law to the contrary, "compensation" shall also include any taxpayer's ownership share of any specific compensation of pass-through entity in which the taxpayer has an ownership interest, directly or indirectly through one or more such entities, and which is not doing business in Tennessee and, therefore, is not subject to Tennessee franchise tax.

**SECTION 49.** Tennessee Code Annotated, Section 67-4-2111(g) is amended by deleting subdivision (2) in its entirety and substituting instead the following:

(2) For this purpose, "gross receipts" shall not include a taxpayer's ownership share of the gross receipts of a partnership or entity treated as a partnership for federal income tax purposes, doing business in Tennessee, in which such taxpayer has an ownership interest. A return being filed by a limited liability company that has a general

**Senate Finance, Ways, and Means Committee Amendment No. 1**

**Amendment No. 7 to SB3351**

**Henry  
Signature of Sponsor**

**FILED**

Date \_\_\_\_\_

Time \_\_\_\_\_

Clerk \_\_\_\_\_

Comm. Amdt. \_\_\_\_\_

**AMEND Senate Bill 3351**

**House Bill 3364**

partnership as its single member shall include in its gross receipts factor only the gross receipts attributed to the limited liability company.

(A) "Gross receipts" shall also include a taxpayer's share any gross receipts of a pass-through entity in proportion to such taxpayer's share of the federal taxable income or loss of such pass-through entity; provided, that there shall be no inclusion of such factor if any items of income, gain, deduction, loss or expense of such pass-through entity are excluded from the computation of the taxpayer's net earnings or loss pursuant to Sections 67-4-2006(b)(1)(I) or 67-4-2006(b)(2)(K).

(B) Notwithstanding any law to the contrary, gross receipts shall also include any taxpayer's ownership share of gross receipts of a pass-through entity in which the taxpayer has an ownership interest, directly or indirectly through one or more such entities, and which is not doing business in Tennessee and, therefore, is not subject to Tennessee franchise tax.

**SECTION 50.** Tennessee Code Annotated, Section 67-4-2119, is amended by adding at the end of the section the following new language:

A taxable entity that is incorporated, domesticated, qualified or otherwise registered to do business in Tennessee but is, or has become, inactive in Tennessee, or whose charter, domestication, qualification or other registration is forfeited, revoked or suspended without the entity being properly dissolved, surrendered, withdrawn, canceled or otherwise properly terminated, shall not be relieved from filing a return and

**Senate Finance, Ways, and Means Committee Amendment No. 1**

**Amendment No. 7 to SB3351**

**Henry  
Signature of Sponsor**

**FILED**

Date \_\_\_\_\_

Time \_\_\_\_\_

Clerk \_\_\_\_\_

Comm. Amdt. \_\_\_\_\_

**AMEND Senate Bill 3351**

**House Bill 3364**

paying the franchise tax (which shall be no less than the one hundred dollar (\$100) minimum) levied by this part for each tax year.

**SECTION 51.** Tennessee Code Annotated, Section 67-1-1701, is amended by adding the following new subdivision:

( ) "Tax administration information" means criteria or standards used or to be used for the selection of returns or persons for audit or examination, or data used or to be used for determining such criteria or standards; audit procedures; and any other information relating to tax administration.

**SECTION 52.** Tennessee Code Annotated, Section 67-1-1702, is deleted in its entirety and the following is substituted instead:

67-1-1702. Notwithstanding any provision of law to the contrary, returns, tax information and tax administration information shall be confidential and, except as authorized by this part, no officer or employee of the state and no other person (or officer or employee thereof) who has or had access to such information shall disclose any such information obtained by such officer or employee in any manner in connection with such officer's or employee's service as such officer or employee, or obtained pursuant to the provisions of this part, or obtained otherwise.

**SECTION 53.** Tennessee Code Annotated, Section 67-1-1709, is amended by adding the following new subsection:

(c) It is a Class E felony for any employee of the department willfully to inspect any return or tax information except when the employee has a good faith and objectively

**Senate Finance, Ways, and Means Committee Amendment No. 1**

**Amendment No. 7 to SB3351**

**Henry  
Signature of Sponsor**

**FILED**

Date \_\_\_\_\_

Time \_\_\_\_\_

Clerk \_\_\_\_\_

Comm. Amdt. \_\_\_\_\_

**AMEND Senate Bill 3351**

**House Bill 3364**

reasonable basis for believing such inspection is in furtherance of the employee's duties or responsibilities.

**SECTION 54.** Tennessee Code Annotated, Title 67, Chapter 1, Part 17, is amended by adding the following new section:

The commissioner is authorized to disclose tax administration information, other than returns and tax information, if the commissioner determines that such disclosure is in the best interests of the state; provided, however, that no provision of law shall be construed to require disclosure of criteria or standards used or to be used for the selection of returns or persons for audit or examination, or data used or to be used for determining such criteria or standards, if the commissioner determines that such disclosure will impair assessment, collection, or enforcement under state tax laws.

**SECTION 55.** Tennessee Code Annotated, Title 12, Chapter 4, Part 1, is amended by adding the following new section:

(a) The state or other state entities shall not contract to acquire goods or services, and no person may contract to supply goods or services to the state or other state entities, unless, prior to or contemporaneous with entering into the contract, the person contracting to supply goods or services and its affiliates register with the department of revenue to collect and remit the sales and use tax levied by Title 67, Chapter 6; provided, however, nothing in this section shall require a person or affiliate to register if the person or affiliate does not make sales to customers in Tennessee of tangible personal property or services, which if the sales occurred wholly within Tennessee would be taxable under this chapter. This provision is specifically applicable



**Senate Finance, Ways, and Means Committee Amendment No. 1**

**Amendment No. 7 to SB3351**

**Henry  
Signature of Sponsor**

**FILED**

Date \_\_\_\_\_

Time \_\_\_\_\_

Clerk \_\_\_\_\_

Comm. Amdt. \_\_\_\_\_

**AMEND Senate Bill 3351**

**House Bill 3364**

to foreign persons, notwithstanding the fact that such foreign persons or their affiliates may not otherwise be legally obligated to collect and remit such tax.

(b) For purposes of this section:

(1) "Person(s)" has the same meaning as in § 67-6-102(21).

(2) "Other state entities" has the same meaning as in § 12-4-601.

(3) "Affiliates" means each and every affiliate of the person contracting with the state or other state entities, as the term "affiliate" is defined in § 48-103-102(1).

(c) The commissioner of revenue and the commissioner of finance and administration shall devise procedures to ensure compliance with the provisions of this section.

Tennessee Code Annotated § 67-1-1707 is amended by adding the following new subsection:

( ) The commissioner may provide tax information to an official of any state agency or other state entity, for the purpose of insuring compliance with the provisions of Title 12, Chapter 4, Part 1, requiring that persons contracting with the state or other state entities register themselves and their affiliates to collect and remit taxes. No agency or employee thereof who receives tax information under this subsection shall disclose such information to any person other than the person to whom it relates, except as otherwise may be authorized by law.

**SECTION 56.** Tennessee Code Annotated, Section 67-1-1440(g) is amended by adding at the end of the first sentence the following words and punctuation: " ; provided, however, if use

**Senate Finance, Ways, and Means Committee Amendment No. 1**

**Amendment No. 7 to SB3351**

**Henry  
Signature of Sponsor**

**FILED**

Date \_\_\_\_\_

Time \_\_\_\_\_

Clerk \_\_\_\_\_

Comm. Amdt. \_\_\_\_\_

**AMEND Senate Bill 3351**

**House Bill 3364**

tax of less than five hundred dollars (\$500) is involved, the offense shall be a Class A misdemeanor.”

**SECTION 57.** Tennessee Code Annotated, Section 67-4-2006(b)(1), is amended by deleting subdivision (I) in its entirety and by substituting instead the following:

(I) Any net loss or any item of expense or loss which meets all of the following criteria:

- (i) Is included in the determination of the taxpayer's net earnings or loss;
- (ii) Is from a pass-through entity which is subject to and files a return for the tax imposed by this part;
- (iii) Is allocated to a partner, shareholder, beneficiary or other owner of such pass-through entity; and
- (iv) Is not added to the net earnings or loss of such pass-through entity under item (J).

(J) Any net loss or item of expense or loss of a pass-through entity to the extent that such net loss or item of expense or loss is included in the federal taxable income or loss of a real estate investment trust which owns an interest in such pass-through entity either directly or indirectly through one (1) or more such entities and which filed a return for the tax imposed by this part.

**SECTION 58.** Tennessee Code Annotated, Section 67-4-2006(b)(2), is amended by deleting subdivision (k) in its entirety and by substituting instead the following:

- (K) Any net gain or any item of income which meets all of the following criteria:
  - (i) Is included in the determination of the taxpayer's net earnings or loss;

**Senate Finance, Ways, and Means Committee Amendment No. 1**

**Amendment No. 7 to SB3351**

**Henry  
Signature of Sponsor**

**FILED**

Date \_\_\_\_\_

Time \_\_\_\_\_

Clerk \_\_\_\_\_

Comm. Amdt. \_\_\_\_\_

**AMEND Senate Bill 3351**

**House Bill 3364**

(ii) Is from a pass-through entity which is subject to and files a return for the tax imposed by this part;

(iii) Is allocated to a partner, shareholder, beneficiary or other owner of such pass-through entity; and

(iv) Is not subtracted from the net earnings or loss of such pass-through entity under item (L).

(L) Any net gain or item of income of a pass-through entity to the extent that such net gain of income is included in the federal taxable income or loss of a real estate investment trust which owns an interest in such pass-through entity either directly or indirectly through one (1) or more such entities and which filed a return for the tax imposed by this part.

**SECTION 59.** Tennessee Code Annotated, Section 67-4-2108(a), is amended by deleting subdivision (1) in its entirety and substituting instead the following:

(1) The measure of the tax hereby levied shall in no case be less than the actual value of the real or tangible personal property owned or used in Tennessee, excluding exempt inventory. Notwithstanding the foregoing, in the case of an entity which is treated as a partnership for federal tax purposes (excluding S corporations) and in which a real estate investment trust directly or indirectly owns a majority of the total interest in partnership capital and profits, the sole franchise tax measure shall be net worth compute in accordance with the provision of Section 67-4-2106.

**SECTION 60.** Tennessee Code Annotated, Section 67-2-101 is amended by adding the following new subsections:

**Senate Finance, Ways, and Means Committee Amendment No. 1**

**Amendment No. 7 to SB3351**

**Henry  
Signature of Sponsor**

**FILED**

Date \_\_\_\_\_

Time \_\_\_\_\_

Clerk \_\_\_\_\_

Comm. Amdt. \_\_\_\_\_

**AMEND Senate Bill 3351**

**House Bill 3364**

( ) The tax levied herein on capital gains shall be a recompense for the privilege of selling stocks and bonds and for the privilege of selling real and tangible personal property having situs in Tennessee.

( ) "Capital gains" means one-half of the sum of long term and short term capital gains for the taxable year as determined for federal income tax purposes, except as follows.

(1) Capital gains does not include gains from the sale of real or tangible property situated outside of Tennessee.

(2) Long term and short term capital losses shall not be considered in determining capital gains taxable under this chapter.

(3) Capital gains does not include gains from the sale of stocks or bonds not taxable under this chapter.

(4) If an item of income is classified as a capital gain for federal tax purposes it shall be classified as a capital gain for purposes of this chapter notwithstanding any law to the contrary.

**SECTION 61.** Tennessee Code Annotated, Section 67-2-101 is amended by deleting subsection (5) in its entirety and substituting instead the following:

(5) "Person," "it," or any other singular pronoun means every natural person, inhabitant, resident beneficiary of every trust or estate, partnership, joint-stock company, business trust corporation or any other form of organization in receipt of dividends from corporate stocks, interest on bonds, capital gains from the sale of such stocks or bonds,

**Senate Finance, Ways, and Means Committee Amendment No. 1**

**Amendment No. 7 to SB3351**

**Henry  
Signature of Sponsor**

**FILED**

Date \_\_\_\_\_

Time \_\_\_\_\_

Clerk \_\_\_\_\_

Comm. Amdt. \_\_\_\_\_

**AMEND Senate Bill 3351**

**House Bill 3364**

or capital gains from the sale of real or tangible personal property with a Tennessee situs, as herein defined, regardless of the sources from which such income is derived, save and except as herein otherwise expressly provided. Any person who has a legal domicile in Tennessee; every person who maintains a place of residence in Tennessee for more than six (6) months in the tax year, regardless of what place such person may claim as legal domicile, shall be subject to the tax herein imposed on taxable dividends from stocks, interest on bonds, and taxable capital gains from the sale of stocks and bonds. Any person in receipt of capital gains from the sale of real or tangible personal property having situs in Tennessee shall be subject to the tax hereby imposed on the capital gains from the sale of such property.

**SECTION 62.** Tennessee Code Annotated, Section 67-2-102 is amended by designating the existing language as subsection (a) and inserting the words “ or by way of capital gains” between the word “bonds” and the word “of” and by adding the following new subsection (b).

(b) Notwithstanding the provisions of subsection (a) above, capital gains received, accrued or credited to a person for a tax year ended on or after June 30, 2000 but ended before January 1, 2001 shall prorated by a fraction, the denominator of which shall be the total number of days in the tax year and the numerator of which shall be the number of days in the tax year after June 30, 2000 to determine the amount of capital gains subject to the tax herein levied.

**Senate Finance, Ways, and Means Committee Amendment No. 1**

**Amendment No. 7 to SB3351**

**Henry  
Signature of Sponsor**

**FILED**

Date \_\_\_\_\_

Time \_\_\_\_\_

Clerk \_\_\_\_\_

Comm. Amdt. \_\_\_\_\_

**AMEND Senate Bill 3351**

**House Bill 3364**

**SECTION 63.** Tennessee Code Annotated, Section 67-2-104(a) is amended by deleting in their entirety the words, punctuation, numbers and symbols “one thousand two hundred fifty dollars (\$1,250)” as they appear therein and substituting in their place the words, punctuation, numbers and symbols “one thousand eight hundred seventy five dollars (\$1,875)”; by deleting in their entirety the words, punctuation, numbers and symbols “two thousand five hundred dollars (\$2,500)” as they appear therein and substituting in their place the words, punctuation, numbers and symbols “three thousand seven hundred fifty dollars (\$3,750)”; and by adding immediately following subsection (a) the following new subsection (b):

(b) Notwithstanding the provisions of subsection (a) above, after the calendar year 2000, the tax imposed by this chapter shall not apply to the first two thousand five hundred dollars (\$2,500) of taxable income on each individual return or to the first five thousand dollars (\$5,000) of combined taxable income on each return filed jointly by two spouses.

**SECTION 64.** Tennessee Code Annotated, Section 67-2-105 is amended by inserting the words and punctuation “Capital gains,” immediately before the word “Stocks” and changing the capital “S” in the word “Stocks” to a lower case “s” and by inserting the words and punctuation “capital gains,” immediately before the word “stocks” which appears after the word “such”.

**SECTION 65.** Tennessee Code Annotated, Section 67-2-119, is amended by deleting the period at the end of subsection (a) and adding the words and punctuation “;provided,

**Senate Finance, Ways, and Means Committee Amendment No. 1**

**Amendment No. 7 to SB3351**

**Henry  
Signature of Sponsor**

**FILED**

Date \_\_\_\_\_

Time \_\_\_\_\_

Clerk \_\_\_\_\_

Comm. Amdt. \_\_\_\_\_

**AMEND Senate Bill 3351**

**House Bill 3364**

however, that all of the taxes collected from capital gains shall be deposited into the state's general fund for state purposes only."

**SECTION 66.** Tennessee Code Annotated, Section 13-23-402(a), is amended by deleting subdivisions (2) and (3) in their entirety.

**SECTION 67.** Tennessee Code Annotated, Section 29-13-116, is amended by adding the following new subsections:

(c) All expenses to administer the "Criminal Injuries Compensation Act of 1976" shall be paid from the criminal injuries compensation fund.

(d) Notwithstanding any provision of law to the contrary, the state treasurer is authorized to award a grant from the criminal injuries compensation fund to the district attorneys general conference for domestic violence and drug enforcement program operations in an amount not to exceed that specified in the general appropriations act each fiscal year.

**SECTION 68.** Tennessee Code Annotated, Section 59-1-116, is amended by designating the existing language as subsection (a) and by adding the following language as a new subsection (b):

(b) Notwithstanding the provisions of subsection (a), the commissioner of labor and workforce development shall increase the amount of the license fees charged under this section to the extent necessary to offset the reduction of the department's appropriation for mine licensing operations under the provisions of the general appropriations act for fiscal year 2000-2001.

**Senate Finance, Ways, and Means Committee Amendment No. 1**

**Amendment No. 7 to SB3351**

**Henry  
Signature of Sponsor**

**FILED**

Date \_\_\_\_\_

Time \_\_\_\_\_

Clerk \_\_\_\_\_

Comm. Amdt. \_\_\_\_\_

**AMEND Senate Bill 3351**

**House Bill 3364**

**SECTION 69.** Tennessee Code Annotated, Section 67-4-606, is amended by deleting subdivision (3) in its entirety and by substituting instead:

(3) Forty-three and seventy-one hundredths percent (43.71%) of the proceeds shall be allocated to the general fund.

**SECTION 70.** Tennessee Code Annotated, Section 67-4-606, is further amended in subdivision (7)(C) by deleting the subdivision in its entirety and substituting the following:

(C) For all subsequent fiscal years beginning July 1, 2000, one hundred percent (100%) to the general fund.

**SECTION 71.** Tennessee Code Annotated, Section 67-6-509, is amended by deleting that section in its entirety and by substituting instead the following:

67-6-509 (a) An out-of-state person making sales in Tennessee, who cannot be required to register for sales and use tax under applicable law but who nevertheless voluntarily registers to collect and remit use tax on items of tangible personal property sold to Tennessee customers, shall be allowed, for the purpose of compensating such person in accounting for and remitting the tax, a deduction against taxes due, reported and paid to the department as follows:

(1) Two percent (2%) of the first two thousand five hundred dollars (\$2,500) on each report; and

(2) One and fifteen one-hundredths percent (1.15%) of amounts over two thousand five hundred dollars (\$2,500) on each report.

(b) No deduction from tax shall be allowed if any such report or payment of tax is delinquent.



**Senate Finance, Ways, and Means Committee Amendment No. 1**

**Amendment No. 7 to SB3351**

**Henry  
Signature of Sponsor**

**FILED**

Date \_\_\_\_\_

Time \_\_\_\_\_

Clerk \_\_\_\_\_

Comm. Amdt. \_\_\_\_\_

**AMEND Senate Bill 3351**

**House Bill 3364**

**SECTION 72.**

(a) Notwithstanding any other provision of the law to the contrary, the commissioner of agriculture is authorized, by rule and regulation, to revise fees collected by the department for inspection and regulatory programs to cover the costs of such programs. It is the legislative intent that such programs be fully self-supporting by the start of the 2003-2004 fiscal year.

(b) Notwithstanding any other provision of the law to the contrary, the commissioner of health is authorized, by rule and regulation, to revise fees collected by the department for licensing and regulating programs to cover the costs of such programs. It is the legislative intent that such programs be fully self-supporting by the start of the 2003-2004 fiscal year.

**SECTION 73.** If any provision of this act or the application thereof to any person or circumstance is held invalid, such invalidity shall not affect other provisions or applications of the act which can be given effect without the invalid provision or application, and to that end the provisions of this act are declared to be severable.

**SECTION 74.**

(a) Sections 1 through 50 and Sections 57 through 59 of this act shall take effect upon becoming law and shall apply to tax years ending on or after June 30, 2000, the public welfare requiring it.

(b) Section 55 of this act shall take effect upon becoming law and shall apply to contracts entered into on or after January 1, 2000, the public welfare requiring it.

**Senate Finance, Ways, and Means Committee Amendment No. 1**

**Amendment No. 7 to SB3351**

**Henry  
Signature of Sponsor**

**FILED**

Date \_\_\_\_\_

Time \_\_\_\_\_

Clerk \_\_\_\_\_

Comm. Amdt. \_\_\_\_\_

**AMEND Senate Bill 3351**

**House Bill 3364**

(c) Sections 60 through 65 of this act shall take effect upon becoming a law, the public welfare requiring it, and shall apply to income tax returns filed for tax years beginning on or after January 1, 2000, the public welfare requiring it.

(d) Sections 66 through 72 of this act shall take effect July 1, 2000, the public welfare requiring it.